MEMORANDUM OF UNDERSTANDING

Articles 22 and 23-Paid Benefits

This Memorandum of Understanding is entered into by and between the Foothill-De Anza Community College District (“District”) and the Foothill-De Anza Community College District Faculty Association (“FA”).

Due to changes in the United HealthCare provider network, the District wishes to grant relief to employees and retirees enrolled in the District’s Self-Insured Medical Plans and therefore the parties agree to the following modifications for Plan Year 2006-07:

1. Effective January 1, 2007, the premium paid by employees and retirees for dependent coverage under the PPO+ Medical Plan shall be rolled back to a “Reduced Premium,” equivalent to the 2005-06 annual rate:
   
<table>
<thead>
<tr>
<th>Employee + 1 Dependent:</th>
<th>Current Premium: $150.00 month/$1,800 year</th>
<th>Reduced Premium: $77.12 month/$925.44 year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee + 2+ Dependents</td>
<td>Current Premium: $200.00 month/$2,400 year</td>
<td>Reduced Premium: $101.74 month/$1,220.88 year</td>
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</table>

   The District will pay the difference in cost between the current annual premium and the “Reduced Premium” for dependent coverage for employees and retirees enrolled in the PPO+ Combined Coverage Plan during the 2006-07 Plan Year.

2. In order to implement the rollback of annual premium described above, employees and retirees currently enrolled in the PPO+ Combined Coverage Plan shall have no further obligation for monthly contributions during the second half of the 2006-07 Plan Year.

   Effective January 1, 2007, the District will cease deducting contributions for dependent coverage, and retirees will no longer be required to submit payment for dependent coverage, for the period of January 1, 2007 through June 30, 2007. Employees who terminate employment prior to the next plan year shall not be entitled to contribution refunds.

3. A limited Open Enrollment for employees and retirees who are currently insured under the PPO Network-Only Plan for the express purpose of their election of the PPO+ Combined Coverage Plan will be held from November 8 to November 22, 2006. No other plan transfers will be allowed; that is, no change from PPO Network-Only to Kaiser, and no change from PPO+ Combined Coverage to PPO Network-Only. Changes will be effective January 1, 2007.

   In accordance with the terms of a limited open enrollment, members shall not be able to a) add dependents unless a qualifying event such as Marriage, Divorce, Death, Birth, Adoption, etc., has occurred; or, b) make changes to their Flexible Spending Accounts (FSAs). Members may, however, drop dependents from coverage.

4. Employees and retirees electing to transfer from the PPO Network-Only Plan to the PPO+ Combined Coverage Plan during the limited open enrollment described above shall pay a premium for the remaining six months (January through June 2007) of the Plan Year 2006-07 in six monthly installments at the “Reduced Premium” rate described in #1 above, that is:

<table>
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<tr>
<th>Employee + One Dependent:</th>
<th>$77.12/month</th>
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</table>
   | Employee + Two or more Dependents: | $101.74/month.
Effective January 1, 2007, the District will begin deducting contributions for dependent coverage, and retirees will be required to submit payment for dependent coverage, for the six month period, January 1, 2007 to June 30, 2007.

5. The “Reduced Premium” rate for the PPO+ Combined Coverage Plan will be in effect for the 2006-07 year only.

To prevent any future misunderstanding about this one-time reduction in PPO+ Combined Coverage annual premium and prepare members for 2007-08 contribution rates, the parties also agree that:

1) In the 2007-08 Plan Year, effective July 1, 2007, the dependent coverage premium will return to the normal rate, i.e., the difference in the conventional rates between the PPO Network-Only Plan and the PPO+ Combined Coverage Plan. The parties acknowledge that Lockton Insurance Brokers, Inc., the District benefits consultant, anticipates that rates will approximate the 2006-07 level ($150/one dependent and $200/two+ dependents).

2) Employees shall be advised of the 2007-08 Plan Year impending increase in the PPO+ Combined Coverage annual premium as a relevant factor for consideration when exercising their option to transfer from the PPO Network-Only Plan to the PPO+ Combined Coverage Plan during the limited open enrollment described above.

3) The 2007-08 employee contributions for dependent coverage will be announced prior to the start of the April 2007 open enrollment period.

The parties further agree that consideration of a network change will be referred to the District Health Benefits Committee discussion.

Finally, the parties agree that the modifications described in this Memorandum shall not be precedent setting.

Dated: November 7, 2006